

Section 6.3 Entire Agreement; Construction; Counterparts. This Agreement, including the financial statements, the Exhibits hereto, and the Schedules delivered pursuant thereto, constitutes the entire agreement of the parties and may not be changed, terminated or discharged orally. The headings appearing in this Agreement have been inserted solely for the convenience of the parties and shall be of no force or effect in the construction of the provisions of this Agreement. This Agreement shall be construed under the laws of the State of Missouri and, subject to Section 6.4 hereinafter, shall be binding upon and inure to the benefit of the parties hereto, their respective successors, and permitted assigns. This Agreement may be executed in several counterparts, and each executed counterpart shall be considered an original of this Agreement.

Section 6.4 Assignment. Except as provided in this Section 6.4, no party to this Agreement may assign its rights or delegate its duties to any other person or entity without the prior written consent of the other party hereto.

Section 6.5 Notices. Notices hereunder shall be effective if deposited in the United States mail, postage prepaid, registered or certified, return receipt requested, and addressed as follows:

KCH: Kansas City Hospice, Inc.
1625 West 92nd Street
Kansas City, Missouri 64114
Attn: Elaine McIntosh, Executive Director

Copy to: Michelle Stark Kaufman, Esq.
Stinson, Mag & Fizzell, P.C.
1201 Walnut #2800
Kansas City, MO 64106

Health Midwest: Health Midwest/Health Midwest Development Group
and HMDG 2304 E. Meyer Blvd., Suite A-20
Kansas City, Missouri 64132
Attn: Richard W. Brown, President & CEO

Copy to: Larry J. Bingham, Esq.
Seigfreid, Bingham, Levy, Selzer & Gee, P.C.
2800 Commerce Tower
911 Main Street
Kansas City, Missouri 64105

Either party may change the address to which notices are to be addressed by giving the other party notice in the manner herein set forth.

Section 6.6 Expenses. Each party to this Agreement shall pay its own costs and expenses (including, without limitation, the fees and expenses of its counsel, auditors, and accountants) incidental to the preparation any carrying out of this Agreement.

Section 6.7 Brokerage Fee. Each of the parties hereto represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to a brokerage or other fee or commission in respect of the execution of this Agreement and/or the consummation of the transactions contemplated hereby. With respect to brokerage fees or commissions, Health Midwest shall exonerate, indemnify and hold KCH harmless against and in respect of any and all claims, losses, liabilities and expenses which may be suffered by KCH by reason of any such arrangement or agreement made by Health Midwest, its agents or employees, and KCH shall exonerate, indemnify and hold Health Midwest harmless in respect of any and all claims, losses, liabilities and expenses which may be suffered by Health Midwest by reason of any such arrangement or agreement made by KCH or its agents or employees.

Section 6.8 Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

Section 6.9 Invalidity of Any Provisions. It is the intention of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of each state and jurisdiction in which such enforcement is sought, and that the unenforceability (or the modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable, or impair, the remainder of this Agreement. Accordingly, if any provision to this Agreement shall be deemed invalid or unenforceable in whole or in part, this Agreement shall be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable.

Section 6.10 Third Parties. Except the rights of the at-large KCH Board members established under the last paragraph of Section 1.1 of this Agreement, nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto any rights or remedies under or by reason of this Agreement.

Section 6.11 Termination of Agreement. This Agreement may be terminated on or before the Closing Date without liability on the part of any party exercising such right of termination:

- (a) By the mutual consent of all the parties hereto;

(b) By any party hereto if at the time of Closing a condition to Closing has not been satisfied;

(c) By any party hereto if there has been a material misrepresentation or breach on the part of any other party of the warranties of such other party set forth herein or made pursuant hereto, or if there has been any failure on the part of any other party to perform its obligations or comply with its covenants hereunder.

IN WITNESS WHEREOF, the parties have caused their corporate names to be hereunto subscribed by their duly authorized officers.

Health Midwest:

HEALTH MIDWEST

By: _____
Stephen A. Melcher, Chairman

HMDG:

HEALTH MIDWEST DEVELOPMENT GROUP

By: _____
E. Wynn Presson, Chairman

KCH:

KANSAS CITY HOSPICE, INC.

By: _____
Nancy Burruss, Chairman

EXHIBIT A

MANAGEMENT STRUCTURE AND ORGANIZATIONAL PHILOSOPHY

A. General Philosophy.

Health Midwest involves twelve or more hospitals and multiple other corporate entities. The complexities of Health Midwest mandate the need for ongoing reevaluation of how the System coordinates and maximizes its resources in terms of overall management as well as staff support functions.

Health Midwest is committed to decision-making at the lowest appropriate level within the organization. There is a conscious effort to avoid highly centralized control and decision-making at the Parent company. However, it is recognized that there are significant economies that can occur by providing System-wide leadership for certain staff support areas at the Parent level rather than duplicating this expertise in several System entities.

A summary of the organizational philosophy of Health Midwest is as follows:

1. Health Midwest is committed to enhancing the integration and inter-organizational cooperation of the various member entities for the ultimate purpose of maximizing the use of System resources as well as the quality, convenience and effectiveness of services provided to System patients and customers.
2. Operational decision-making on day-to-day issues remains at the lowest appropriate level within the System.
3. In an effort to minimize System cost and maximize the use of available people resources, wherever appropriate, management and staff support personnel "wear several hats" in terms of having different titles and responsibilities in two or more entities within the System.

B. Operational Considerations

1. Policies. All Health Midwest entities are expected to operate within the policies of the System. Specific policies, such as the levels of authority and budget guidelines, are particularly relevant to the integrated operation of the System.
2. Budget. Each year the management staff of each System entity prepares, in conjunction with the management staff of Health Midwest, an annual operating

and capital budget and a three year financial plan including both capital and operating expenditure forecasts.

Following management concurrence on these plans, they are submitted to the board of the applicable entity within the System through its financial committee and other appropriate committee structures. Following final review and approval of these plans, they are forwarded to Health Midwest board(s) for review and approval as part of the overall System's financial plan. This plan is updated on an annual basis reflecting appropriate adjustments for changing conditions.

3. Levels of Authority. On an ongoing basis, the levels of authority policies of the System guide in determining approval levels required for various transactions within Health Midwest. Levels of authority are established for both the management and board of each Health Midwest service provider. Expenditures in excess of these respective limits require further review by the management staff and/or the board of the particular entity and/or the management staff and/or the board(s) of Health Midwest. Categories of resource allocation that are governed by these policies include, for example, budgeted and unbudgeted capital expenditures, major personnel decisions at the executive level, budgeted and unbudgeted consulting engagements, the cash management process, and borrowing decisions. These policies are designed to assure appropriate board and management decision-making at the entity level to enable effective operation of each Health Midwest service provider. Obviously, however, major decisions that require extraordinary resource allocation consideration are reviewed by Health Midwest to assure conformity with overall System strategic priorities.

C. Management Structure.

1. Authority and Accountability. The CEO of Health Midwest is Richard W. Brown, who is accountable to the Health Midwest Board. CEOs of each second tier subsidiary have dual reporting relationships to their respective boards and a senior vice president (or equivalent position) of Health Midwest.
2. Resource Allocation. It should be recognized that one of the results of integration within Health Midwest is a careful review of the opportunity to maximize the efficient use of resources, both personnel and facilities, by consolidation of programs and responsibilities as appropriate. In the process of this review of centralization opportunities, keen sensitivity is preserved to assure appropriate levels of leadership and capability within the operating structure of each constituent entity within Health Midwest.

EXHIBIT B

**KCH's BOARD OF DIRECTORS TO SERVE FOLLOWING CLOSING
KCH'S REPRESENTATIVES ON HMDG BOARD**

I. <u>Health Midwest Hospital Members</u>		<u>Term Expires</u>
a.) Research Medical Center		
	Sharon East	1997
	Tom Harmon	1996
b.) Trinity Lutheran Hospital		
	Nancy Burruss	1996
	Allan Fleming, M.D.	1997
c.) Baptist Medical Center		
	John Davis, M.D.	1998
	Bob D. Campbell	1998
d.) Menorah Medical Center		
	Connie Watson	1997
	Diane Arnell	1996
II. <u>At-Large Board Members</u>		<u>Term Expires</u>
	Ed Connolly	1996
	Mike O'Flaherty	1997
	Vernon Rice, D.D.S.	1996
	Donna Payne	1998

John Olson	1997
Charles Myers	1998
Virginia Ruppin	1996
Frank Slovic, M.D.	1998

III. <u>VNA Board Members</u>	<u>Term Expires</u>
Elizabeth Jones	1998
Ken Landau	1996
Richard McKittrick, M.D.	1997
<u>Vacant, to be filled at future meetings</u>	1997
<u>Vacant, to be filled at future meetings</u>	1998

B. KCH'S INITIAL REPRESENTATIVES ON HMDG BOARD

Donna Payne	Ed Connolly
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EXHIBIT C

HEALTH MIDWEST SYSTEM LEVELS OF AUTHORITY AS APPLICABLE TO KANSAS CITY HOSPICE, INC.

<u>Personnel Decisions</u>	<u>CEO</u>	<u>Board</u>
Selection of individual for CEO position	N.A.	△△
Creation of position, selection of individual and salary changes for COO, CFO, or any other Officer position.	△△	N.A.
Filling budgeted position at salary of \$50,000 or above.	△△	N.A.
<u>Short Term Borrowing Through Board Approved Line of Credit</u>	--	--
<u>Capital Expenditures*</u>		
Unbudgeted items (from budgeted contingency).	\$ 7,500	\$25,000
Unbudgeted items (beyond approved budget and contingency).	--	--
Budgeted (specified on a line item basis if over \$10,000).	\$ 15,000	\$50,000
<u>Consulting and Legal Fees</u>		
Unbudgeted (requires increase in budget).	\$ 3,000	\$ 5,000
Budgeted (covered within budgeted funds).	\$ 3,000	\$ 5,000

* Dollar amounts are the purchase price or capitalized value of lease item.

△△ equals decision subject to prior consultation with Health Midwest senior management.

-- equals decision subject to HMDG approval.

Above the specified levels, HMDG approval is required.

EXHIBIT D

LEVELS OF AUTHORITY AS APPLICABLE TO KCH'S SUBSIDIARIES

<u>Personnel Decisions</u>	<u>CEO</u>	<u>Board</u>
Selection of individual for CEO position and salary changes for CEO	N.A.	△△
Creation of position, selection of individual and salary changes for COO, CFO, or any other Officer position.	△△	N.A.
Filling budgeted position at salary of \$50,000 or above.	△△	N.A.
<u>Short Term Borrowing Through Board Approved Line of Credit</u>	--	--
<u>Capital Expenditures*</u>		
Unbudgeted items (from budgeted contingency).	\$ 5,000	\$15,000
Unbudgeted items (beyond approved budget and contingency).	△△	△△
Budgeted (specified on a line item basis if over \$10,000).	\$ 10,000	\$30,000
<u>Consulting and Legal Fees</u>		
Unbudgeted (requires increase in budget).	\$ 2,000	\$ 3,000
Budgeted (covered within budgeted funds).	\$ 2,000	\$ 3,000

* Dollar amounts are the purchase price or capitalized value of lease item.
 △△ equals decision subject to prior consultation with Health Midwest senior management.
 -- equals decision subject to KCH approval.

Above the specified levels, KCH approval is required.